

REFERENCE TITLE: bond requirements; authorized third parties

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1098

Introduced by
Senator Verschoor

AN ACT

AMENDING SECTION 28-5104, ARIZONA REVISED STATUTES; RELATING TO AUTHORIZED THIRD PARTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 28-5104, Arizona Revised Statutes, is amended to
3 read:

4 28-5104. Bond requirement

5 A. A person who applies for authorization pursuant to this article
6 shall submit with the application a bond in a form to be approved by the
7 director and in an amount of at least ~~twenty-five~~ ONE HUNDRED thousand
8 dollars.

9 B. A surety company authorized to transact business in this state
10 shall execute the bond with the applicant as principal obligor on the bond
11 and the state as obligee. The bond shall be conditioned that the applicant
12 will faithfully comply with all of the provisions of law and that the bond is
13 noncancelable without at least sixty days' prior notice to the director.
14 Any future liability of the surety company terminates on the director's
15 termination of a third party's authorization.

16 C. The bond inures to the benefit of any person who suffers loss
17 because of any of the following:

18 1. Nonpayment by the authorized person of any fee or tax paid to the
19 third party by that person.

20 2. Insolvency or discontinuance of business.

21 3. Failure of the authorized third party to comply with the authorized
22 third party's duties pursuant to this article.

23 D. The aggregate liability of a surety company for any breach of the
24 conditions of a bond required pursuant to this section shall not exceed the
25 amount of the bond.

26 E. The bond requirement of this section does not apply to:

27 1. A department, agency or political subdivision of this state.

28 2. An Arizona court.

29 3. An Arizona law enforcement agency or department.

30 4. A financial institution or enterprise under the jurisdiction of the
31 department of financial institutions or a federal monetary authority.

32 5. The federal government or any of its agencies.

33 6. A motor vehicle dealer that is licensed and bonded by the
34 department of transportation or a state organization of licensed and bonded
35 motor vehicle dealers.

36 7. A manufacturer, importer, factory branch or distributor licensed by
37 the department of transportation.

38 8. An insurer under the jurisdiction of the department of insurance.

39 9. An owner OR REGISTRANT of a fleet ~~as defined in section 28-2201~~ OF
40 ONE HUNDRED OR MORE VEHICLES.

41 10. A public utility.

42 11. A tribal government.

43 ~~12. A title service company that is bonded by the department of
44 transportation.~~

45 ~~13.~~ 12. An employer or association that has at least five hundred
46 employees or members.